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SUBJECT An Interview with Walter Mondale

BILL MONROE: Our guest today on Meet the Press is Walter Mondale, Vice President of the United States under the Carter administration, former senator from Minnesota, and, to all outward appearances, a 1984 presidential candidate. Our reporters today are Ken Bode of NBC News; Elizabeth Drew of the New Yorker; Robert Novak of the Chicago Sun Times; and, to open the questioning, Marvin Kalb of NBC News.

MARVIN KALB: Mr. Mondale, over the last couple of months you've been criss-crossing the country, speaking rather regularly. And a number of people have the impression you're trying to cultivate a new, very tough image. And people have raised the question as to whether this is tactics or, indeed, you are undergoing rather profound changes in your own thinking.

FORMER VICE PRESIDENT WALTER MONDALE: Actually, what the press is now picking up is what I've been saying for a long time. And one of the issues that is often discussed in this context is my position on trade. I think you know for some twenty years now I've been involved in trade issues. I used to chair the International Finance Subcommittee. The Export Administration Act was a bill that I led through the Senate. And I have some very deeply held views that I've been expressing for some time for all kinds of audiences.

I think the American trade policy today is a disaster. I think that fact is reflected in the fact that August was the worst trade month in American history. For the first time in 13 years, American agricultural exports are dropping. All across the board we're doing less well for many complex reasons. And I think we've got to get much smarter and much tougher.

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-2-

KALB: Are you proposing forms of protectionism?

MONDALE: There are three or four key points. Number one, most important of all is that Reaganomics has so distorted the value of the dollar as against the currencies of our major trading partners that it is as though we've put an enormous tax on all exports and used the revenues to protect an enormous subsidy for all imports. It's an absolute disaster.

Secondly, our export administration policies in both agriculture and in manufacturing goods has increasingly made America a supplier of a uncertain source. That is, we're an unreliable supplier, are seen to be such. That is hurting us terribly.

And finally, the Export-Import Bank policies of our country are such that all of our major trading partners -- Japan, Western Europe -- are repeatedly and almost consistently underbidding American products, particularly big ticket items -- airplanes, generators, and the rest -- and this is hurting us terribly.

And finally, in many, many ways, other countries have open access to our markets while we are sealed off, in whole or in part, from their markets. And we need a much tougher and more effective trade policy.

KALB: You're describing a bad situation. But is your remedy going to take the form of protectionism? Are you going to stop imports of foreign goods?

MONDALE: I would do several things. Number one, I would get a much more balanced fiscal-monetary policy so that our dollar bears a much closer competitive relationship to other currencies. That's crucial.

Number two, I would stop trying to fitfully use export administration policy to control sales in a way that undermines our reliability as a supplier in both grains and in manufactured goods.

Number three, I would take that Export-Import Bank and I would tell our competitors we're going to compete with you toe to toe. You're not going to get one more sale around this world because you've low-balled credit terms.

And finally, I would tell nations that won't let our products into their countries, that are selecting what they'll buy and what they won't buy, that we're going to get much tougher with them, because we insist upon access.

-3-

There're many, many other things we can do. But that's the direction in which I would go.

MONROE: Thank you, Mr. Mondale. We'll be back with more questions for Walter Mondale.

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MONROE: Our guest on "Meet the Press," former Vice President Walter Mondale.

Mr. Novak.

ROBERT NOVAK: Mr. Mondale, Mr. Kalb twice asked you if you were moving in a protectionist direction, and you declined to answer both times. I'll try it in another method.

Are you supporting the bill that is sponsored by the United Auto Workers Union and other aspects of organized labor, which would require a certain percentage of domestic content, that is a certain percentage fabricated by American union labor in the United States on any automobile?

MONDALE: Yes, I am, and let me tell you why. In some 30 countries now, they have so-called local content legislation. In most of the countries of Europe, they say specifically to Japan and others "This is how many cars you'll sell in our nation." There is a world pattern of this practice, and the result has been that nation after nation has determined, in effect, how many American jobs will go to those other countries. And even in Japan, it's almost impossible to sell an American car because of a range of policies.

Recently, for example in Vancouver, Japanese ships came up with Japanese built cars, and the Canadians announced that they were going to inspect each of those cars individually unless Japan agreed to a certain very severe limit. In other words, we are about the only open market in cars today. And I believe our communities and our workers have some rights too.

NOVAK: Well, sir, you and the other Democrats, including the Democrats who are running for office November 2nd, are, in effect, are you not, asking the American workers and consumers to subsidize UAW wage scales by not having an opportunity to buy the lower priced foreign automobiles?

MONDALE: No, they would still have access to the markets. For example, what I'd like to see more of is what Volkswagen and what Reneault has done. Volkswagen has opened up a plant in America. It provides American jobs. Reneault has bought into AMC and is providing jobs. It's a question of

-4-

balance. It's also a question of whether there're going to be any rights for communities and workers in this country, or whether American workers or communities are just going to be set up for sacrifice.

NOVAK: Well, just so the viewers might have some appreciation of what you're saying, what you're saying is that these foreign cars will be built by American labor at the high priced spread. Isn't that correct?

MONDALE: Some will and some won't. Right now the American market is open to foreigners, regardless of price, and American cars in many, many markets cannot get into those markets unless we meet the local content in those countries. There simply has to be a fairer shake for American workers. That is one part of it.

There's a much broader context in which my policy fits. The currency valuations issue is very crucial. The failure to use the Export-Import Bank to be competitive is losing billions of dollars' worth of sales. The, I think, erratic way in which the Export Administration Act has been used to make us than a reliable supplier: all of these things are hurting this country desperately. As I said, August was the worst trade month in American history. It's going down, and we've got to get much tougher.

MONROE: Miss Drew.

ELIZABETH DREW: Just to clear up one thing, I think I heard you say in response to Mr. Kalb, in part of your answer, that you think we should be a steady supplier of, among other things, grain.

MONDALE: That's correct.

DREW: Does that mean you support President Reagan's action in supplying more grain to the Soviet Union?

MONDALE: As a matter of fact, I don't think that's what he's doing. He's dealing with the politics of the problem just before the election....

DREW: But do you support grain sales to the Soviet Union?

MONDALE: Yes, absolutely. And what I would do, in fact, and have proposed, is that we reach a long-term agreement -- excuse me -- with the Soviet Union providing for at least 8,000,000 tons of grain per year so that we become a reliable supplier again.

-5-

DREW: Changing the subject, you have offered alternatives to the Reagan program, cutting the rate of growth in the Pentagon spending, cutting off the third year tax cut for people earning \$60,000, and cutting down on medical costs. But I don't know that I've heard you say anything about Social Security. How would you deal with that shortfall, by raising taxes or lowering benefits?

MONDALE: Well, first of all, there are two things that are crucial to it that we should be doing right now. Number one, we should be getting a policy of economic growth in this country. That's not ducking your question, because one of the real reasons that the Social Security Trust Fund is in trouble now is that we've gone into a deep recession, and by each 1% we have increased unemployment, the Social Security Trust Fund sinks into deficit by an additional \$5 billion. The most important thing we can do to restore the integrity of the fund is to get some economic growth.

The second thing I would do is to put in place a very strong hospital cost containment bill. Last year professional health and hospital costs in this country rose by 21% while the inflation was approximately a third of that. And the reason is that federal support through Medicare, Medicaid, Blue Cross, Blue Shield is provided in a way that provides no restraint on these soaring costs. This year I think it will cost something like \$5 billion out of the trust fund to pay for the same number of people we paid for last time. There's big savings to be made there.

We are now waiting for the results of the conference, or that special study group to figure out what other things should be done to restore the integrity of the trust fund. What I disagree with, and what I think has to be made very, very clear in 1982, and, if I can do it, from there on out, is that I don't believe we should tamper any further with the benefits to the Social Security recipients of this country. There are 35,000,000 -- excuse me -- Americans who are full of anxiety and fear because they've seen attempt after attempt to slaughter Social Security benefits.

I think we ought to say that those benefits are a part of a basic contract, the senior citizens are entitled to those benefits, and that we stand as a nation behind the protection of those benefits and in other ways make up for the Social Security problems.

DREW: So if there is a deficit, that leaves raising Social Security taxes.

MONDALE: It might. It might. In other words, we'll

-6-

have to see the final study of this -- results of this study. But we may have to do that.

MONROE: Mr. Bode.

KEN BODE: Sir, we're right on the eve of a midterm election. The first midterm when a President takes office, the usual range of losses is in about the ten to fifteen seat range. Would you say if the Republicans do that well this year that the American voters have returned a mandate to stay the course?

MONDALE: What I say, and I get this question asked everywhere, as you might guess, Mr. Bode, is we'll know whether the voters have voted for a change or not. I have some difficulty going through the numbers, because I don't know what they mean. Some people say the average loss at this time of the year, at this point in a new term, is about 12. I don't know. But I think we'll know based on governors, senators, congressional races whether this result was one which called for a change of course or did not.

I personally think it will. I think the suffering around this country is so tremendous. The American people do not believe these policies are working. And now there's an added element that I think will drive the electorate, and that is this strange pattern by which this administration seems to be telling the American people that they're doing better, that workers who are unemployed are not suffering. They have attempted to punch holes in the safety net and other suggestions that indicate that they're out of touch. I think Americans see that.

[Mondale coughs.]

I'm sorry about this.

MONROE: Since you have a cold, Mr. former Vice President, you're allowed to use a handkerchief.

MONDALE: I'm sorry.

BODE: Mr. Mondale, let me ask you a question while you do that. In this election, just about every Democrat in the country is campaigning against Reaganomics. And there's an impressive show of party unity around the country, with the exception of one person, and that's the man who holds the title of titular head of the Democratic Party, Jimmy Carter, who has made a couple of campaign appearances, but for the most part has been out hustling a book. And when he does make campaign appearances, he goes to the trouble of suggesting that Ted Kennedy's not fit to be President, that Kennedy can't make a decision under pressure. Now that's what the Republicans have often said about

-7-

Ted Kennedy, and here's poor Kennedy up in a reelection contest up there.

Can you explain this odd behavior from a man who you were once very close to?

MONDALE: Well, let me tell you what I'm trying to do. I'll try to explain my own position.

I went up to Massachusetts the other day to campaign for Senator Kennedy's reelection, which I doubt is in any challenge. I think he's been a good senator. And I said so. I would like to see the 1982 election one in which the Democrats are as united as they can possibly be, so that we can present the real issues of '82 -- economics, the assault on the environment, the constant attempt to undermine Social Security benefits, the many, many other issues, education and so on, that bear on our future. That's what I'd like to see the '82 election concentrate on.

BODE: Why is it that Jimmy Carter is not regarded as a major asset in a heavy campaign year by the party he led in the last election?

MONDALE: President Carter, when he left office, said he intended to go home, write his book, raise money for his library, and at some point he'd begin to speak out. I don't think he's really started that yet.

MONROE: Mr. Mondale, as you're probably aware, a lot of experts feel that the local content legislation, which you say you favor, is sheer protectionism. And I wonder if you would answer those who say it will bring retaliation. If we require Toyota and Datsun to build 90% of their cars here, local content, the Japanese can require, or Europeans can require, IBM to make 90% of their computers in Japan or in Europe, and the same can be done to Boeing and other American companies.

MONDALE: Well, let me say two or three things. First of all, we are the purest market for cars in the world. Thirty other countries have local content legislation now. The Japanese who sell some 2,000,000 cars to us buy only 2,000 cars. We are in a position where increasingly all the investment, or most of the investment in car production is occurring in other nations while the basic auto, car and steel industry of this country is diminishing.

I have for many years resisted local content legislation. But I've come to the point I don't know what other defense there is. I don't know how we get beyond the talk stage into some situation where we get some access to their markets as well. There are product after product in which American products are

-8-

better, cheaper, more reliable, but where we're sealed out of other markets. But there's just talk and talk and talk. And what I've decided, and I've said this for several months now, is that I think we're getting to the point where talk is not enough, where we've got to get tougher in order to get these other countries to open up.

MONROE: What about retaliation?

MONDALE: Let me say what my basic strategy is. I am not a zero sum, beggar-thy-neighbor protectionist. I've never been that. My whole policy here is to try to get America in a position where she can reassert her economic strength in an international competitive environment that's fair. Right now I think -- I believe in international competition, but I'm not a sucker. And I think we have to take tough stands. Otherwise, we're going to just see a constant erosion of product line after product line.

Part of it is the approach to trade in this area. But even more importantly, it's currency evaluations, Export-Import Bank, export administration. All of those things are much more important.

MONROE: What about retaliation, Mr. Mondale?

MONDALE: I find it very hard to believe that you'd have retaliation when we're the last country to try to do something about the car market.

MONROE: Mr. Kalb.

KALB: Mr. Mondale, there were a lot of economic problems when the Carter administration was in power and you were Vice President, and there are continuing economic problems. And listening to you -- and you used the expression a moment ago about talk, talk, talk. A lot of political figures when they're on television sound as though they know the answers. But a larger question might be involved here, since both sides don't really seem to know the answers, whether there may be some systemic change in the economic system that is required, that it is no longer a question of simply tinkering with the old merchandise; it may not be working.

MONDALE: I believe very strongly that what your question states is, in fact, the case. I think there're some short-term steps that need to be taken. One is to undo Reganomics. This radical notion that you can somehow solve all of our nation's problems by creating a deficit of historic proportions simply hasn't worked, and it won't work. We have to get a more sensible fiscal-monetary balance.



-9-

But once you've undone that, there's a lot of basic things that have to be done over the long run. Number one, you have to make certain that this next generation is the best prepared, educationally, scientifically than any in American history, because the competition from our ever-more competitive foreign economies, the need to defend our nation in an ever-more sophisticated defense arena, the need for security for this next generation requires the most advanced education, scientific effort ever.

Secondly, in my opinion, we need to tilt our laws and our economic policies toward more entrepreneurship. That special American instinct for small business, for competition is one of our major long-term advantages. Right now, small business is being destroyed, in my opinion.

Thirdly, we need a much tougher international competitive trade policy with the elements that I've discussed, but with some others we don't have time to go into. Product after product line, first radios, TVs, videos, machine tools, now airplanes, now microchip, one after another, we find American products, which are often better and cheaper, losing market shares and finally disappearing from the world markets. And if this continues and if we don't have an all-out attempt and strategy to reassert America's competitiveness in international trade -- and it's a very complex and tough issue, but we've got to get with it -- we're going to find that our children are getting the dead-end jobs and the future, the high technology, the growth is going overseas.

That has been going on for a long time, but with increasing velocity. And under current Reagan policy, it is becoming a disaster.

MONROE: Mr. Novak.

MONDALE: I just want to make one point. People always ask me, what are your plans for the future? And I'd like to talk about that for a minute, because we have a lot of plans for the future, and I think Americans ought to.

The final point is infrastructure. Our decaying roads, bridges, ports, sewage systems, and so on, if uncorrected, will be a very serious problem for our economy.

NOVAK: Mr. Mondale, last month in New York, you delivered the keynote address to the Human Rights Campaign Fund, which is a political arm of the homosexual community. Some people felt this was a signal that the homosexual movement in America had become part of the Democratic Party's coalition, as much as Hispanics, blacks, organized labor. Is that correct?

-10-

MONDALE: I don't know what the politics of it is. But I know why I was there. I wanted to speak out against discrimination against homosexuals. I did it. I think it's right. I think most Americans agree with that.

NOVAK: Some people, some friends of yours, told me they were very profoundly shocked by that. Has anybody expressed that opinion to you?

MONDALE: Yes. But I did what I thought was right, and I think that's what leadership is all about.

NOVAK: Why did you refuse to do it five years ago? That's the question. Aren't they part of the Democratic coalition?

MONDALE: Was I invited five years ago?

NOVAK: That's what I was told. Isn't that correct?

MONDALE: Well, you know something I don't know.

NOVAK: Would you have spoken to them five years ago?

MONDALE: The position I took the other evening is exactly the same position I've taken for years.

MONROE: We have less than three minutes. Miss Drew.

DREW: Mr. Mondale, you've talked about the future industries and industries that you think are going to grow. What would you do about the old basic American industry?

MONDALE: I think there're some -- first of all, I think we have to decide whether or not we're going to have basic industry in this country. And my answer is clearly yes.

Secondly, we have to have a policy that makes them more competitive. I think we need a tripartite arrangement where management, labor and government sits down and sees what we have to do to reinvigorate these basic industries.

Finally, just basic good economic sense will make a difference. A lot of the trouble in steel, in autos, rubber and the other basic industries in America is the result of these disastrous Reaganomic policies that have run interest rates through the sky. And everything that people have to buy on credit, whether it's cars, autos, appliances, whatever, they can no longer afford.

DREW: No inherent problems in the industries themselves?

-11-

MONDALE: There are some inherent problems, and that's why I say we have to have a trade approach; we have to have some basic changes within the industry in terms of labor-management relations. I think government has to approach it differently. I think we have some capital acquisition problems. There're a lot of basic problems. But I think we have to begin by agreeing that basic industry cannot disappear from this country. We've got to have it. We can't defend ourselves without it.

MONROE: Mr. Bode.

BODE: Mr. Mondale, the Democratic Party's platform now opposes discrimination based on sex or sexual orientation. At the dinner at which Mr. Novak referred a moment ago, so I read any way, you endorsed the gay movement's demand that homosexuals be included in federal laws as a minority against whom it would henceforth be a crime to discriminate.

First, is that accurate? And secondly, if so, would you bring the machinery of federal civil rights enforcement to bear on behalf of homosexuals as it is now for blacks, Hispanics and women?

MONDALE: I endorsed the Democratic platform in its entirety. I will have to pass on that question, because I am just not sure what the implications of that provision is. I believe we should stop discriminating. I think government, particularly, within its own functions, should stop discriminating, which we have been, for example in immigration and so on. What instrumentalities or approaches beyond that might be needed, I'm not prepared to say right now. I'm not trying to duck your question, because I'm just not sure what the significance of that phrase is.

MONROE: Do you support the President's peace plan for the Middle East, Mr. Mondale?

MONDALE: I support the notion that we should sit down within the context of the Camp David Accords and get negotiations. What's missing today, and what is needed above all, is for King Hussein to sit down and be willing to negotiate. Negotiations are everything. In the absence of negotiations, I don't see much progress.

MONROE: Thank you, Mr. Mondale, for being with us today on "Meet the Press."